



January 17, 2014

SENATE BILL No. 266

DIGEST OF SB 266 (Updated January 16, 2014 9:51 am - DI 84)

Citations Affected: IC 6-1.1.

Synopsis: Assessment of real property. Provides a limit on the amount by which the assessed value of real property may be increased for the four assessment dates after the assessed value of the real property is determined in a property tax appeal, in the case of appeals initiated after the effective date of the statute. In the case of a property tax appeal that is pending on the effective date of the statute and that was filed within the preceding four years, the assessed value for the assessment date in question and for each of the following three assessment dates may not be increased by more than a specified amount. Specifies that these limits do not apply to any part of a change in an assessment: (1) that is directly applicable to any change in an objective factor or feature relating to the property, including an improvement or enlargement of the property; or (2) that results from the correction of an error or omission, including the correction of a mathematical error.

Effective: Upon passage.

Schneider, Miller Patricia, Tallian

January 13, 2014, read first time and referred to Committee on Appropriations.
January 16, 2014, reported favorably — Do Pass.

SB 266—LS 6497/DI 73



January 17, 2014

Second Regular Session 118th General Assembly (2014)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2013 Regular Session and 2013 First Regular Technical Session of the General Assembly.

SENATE BILL No. 266

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 6-1.1-4-4, AS AMENDED BY P.L.112-2012,
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: Sec. 4. (a) A general reassessment, involving a
4 physical inspection of all real property in Indiana, shall begin July 1,
5 2010. The reassessment under this subsection:
6 (1) shall be completed on or before March 1 of the year that
7 succeeds by two (2) years the year in which the general
8 reassessment begins; and
9 (2) **subject to section 43 of this chapter**, shall be the basis for
10 taxes payable in the year following the year in which the general
11 assessment is to be completed.
12 (b) In order to ensure that assessing officials are prepared for a
13 general reassessment of real property, the department of local
14 government finance shall give adequate advance notice of the general
15 reassessment to the assessing officials of each county.
16 SECTION 2. IC 6-1.1-4-4.5, AS AMENDED BY P.L.112-2012,

SB 266—LS 6497/DI 73



SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4.5. (a) The department of local government finance shall adopt rules establishing a system for annually adjusting the assessed value of real property to account for changes in value in those years since a reassessment under section 4 or 4.2 of this chapter for the property last took effect.

(b) Subject to subsection (e) **and section 43 of this chapter**, the system must be applied to adjust assessed values beginning with the 2006 assessment date and each year thereafter that is not a year in which a reassessment under section 4 or 4.2 of this chapter for the property becomes effective.

(c) The rules adopted under subsection (a) must include the following characteristics in the system:

(1) Promote uniform and equal assessment of real property within and across classifications.

(2) Require that assessing officials:

(A) reevaluate the factors that affect value;

(B) express the interactions of those factors mathematically;

(C) use mass appraisal techniques to estimate updated property values within statistical measures of accuracy; and

(D) provide notice to taxpayers of an assessment increase that results from the application of annual adjustments.

(3) Prescribe procedures that permit the application of the adjustment percentages in an efficient manner by assessing officials.

(d) The department of local government finance must review and certify each annual adjustment determined under this section.

(e) In making the annual determination of the base rate to satisfy the requirement for an annual adjustment under subsection (c) for current property taxes first due and payable in 2011 and thereafter, the department of local government finance shall determine the base rate using the methodology reflected in Table 2-18 of Book 1, Chapter 2 of the department of local government finance's Real Property Assessment Guidelines (as in effect on January 1, 2005), except that the department shall adjust the methodology to:

(1) use a six (6) year rolling average adjusted under subdivision

(2) instead of a four (4) year rolling average; and

(2) eliminate in the calculation of the rolling average the year among the six (6) years for which the highest market value in use of agricultural land is determined.

(f) For assessment dates after December 31, 2009, an adjustment in the assessed value of real property under this section shall be based on



the estimated true tax value of the property on the assessment date that is the basis for taxes payable on that real property.

SECTION 3. IC 6-1.1-4-43 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 43. (a) This section applies to the following:**

(1) An assessment for which a petition for review under IC 6-1.1-15-1 is filed after the effective date of this section.

(2) An assessment for which a petition for review under IC 6-1.1-15-1:

(A) was filed not more than four (4) years before the effective date of this section; and

(B) is still pending on the effective date of this section.

(b) The limits in this section do not apply to any part of a change in an assessment:

(1) that is directly applicable to any change in an objective factor or feature relating to a property, including an improvement or enlargement of the property; or

(2) that results from the correction of an error or omission, including the correction of a mathematical error.

(c) In the case of an assessment described in subsection (a)(1), for each of the next four (4) years after an assessment date for which the assessed value of property is determined in a review initiated under IC 6-1.1-15-1, an assessing official may not increase the assessed value of the property to an amount that exceeds the lesser of the following:

(1) The amount determined under the last STEP of the following formula:

STEP ONE: Determine the assessed value of the property for the immediately preceding year, as determined after applying the decision in the review and (if applicable) this section.

STEP TWO: If the assessed value in the review was determined based on the gross rent multiplier method, determine the greater of:

(A) one (1); or

(B) the result of:

(i) the amount of rent received from the property for the year preceding the year of the assessment; divided by

(ii) the amount of rent received from the property in the year preceding the year described in item (i).

STEP THREE: Multiply the STEP ONE amount by:

(A) if the assessed value in the review was determined



1 based on the gross rent multiplier method, the STEP
2 TWO amount; or

3 (B) if the assessed value in the review was not
4 determined based on the gross rent multiplier method,
5 an amount determined by the assessing official that is not
6 more than the assessed value growth quotient under
7 IC 6-1.1-18.5-2 for the calendar year in which the
8 particular assessment date occurs.

9 (2) The assessed value of the property as determined by any
10 other method permitted under this article.

11 (d) In the case of an assessment described in subsection (a)(2),
12 the assessed value for the assessment date in question and for each
13 of the following three (3) assessment dates may not exceed the
14 lesser of the following:

15 (1) The amount determined under the last STEP of the
16 following formula:

17 STEP ONE: Determine the assessed value of the property
18 for the immediately preceding year, as determined after
19 applying this section (if applicable).

20 STEP TWO: If the assessed value for the assessment date
21 in question was determined based on the gross rent
22 multiplier method, determine the greater of:

23 (A) one (1); or

24 (B) the result of:

25 (i) the amount of rent received from the property for the
26 year preceding the year of the assessment; divided by

27 (ii) the amount of rent received from the property in the
28 year preceding the year described in item (i).

29 STEP THREE: Multiply the STEP ONE amount by:

30 (A) if the assessed value in the review was determined
31 based on the gross rent multiplier method, the STEP
32 TWO amount; or

33 (B) if the assessed value in the review was not
34 determined based on the gross rent multiplier method,
35 an amount determined by the assessing official that is not
36 more than the assessed value growth quotient under
37 IC 6-1.1-18.5-2 for the calendar year in which the
38 particular assessment date occurs.

39 (2) The assessed value of the property as determined by any
40 other method permitted under this article.

41 (e) An assessing official shall apply this section without the
42 initiation of a review by the taxpayer.



1 **SECTION 4. An emergency is declared for this act.**



COMMITTEE REPORT

Madam President: The Senate Committee on Appropriations, to which was referred Senate Bill No. 266, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is to SB 266 as introduced.)

Committee Vote: Yeas 11, Nays 0

Senator Kenley, Chairperson

